

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:  
New York Independent System  
Operator, Inc.  
Docket No. ER11-2454-000

Issued: 2/4/11

Whiteman Osterman & Hanna  
One Commerce Plaza  
Albany, NY 12260

Attention: Elizabeth A. Grisaru  
Counsel to the New York Independent System Operator, Inc.

Reference: Revised Provisions to Enhance Shortage Pricing

Dear Ms. Grisaru:

Pursuant to the authority delegated to the Director, Division of Electric Power Regulation – East, under 18 C.F.R. § 375.307, your submittal filed in the above referenced docket is accepted for filing, effective March 15, 2011, as requested.

On December 21, 2010, you filed, on behalf of New York Independent System Operator, Inc. (NYISO), revisions to NYISO's Market Administration and Control Area Service Tariff (Services Tariff) to modify the existing demand curves associated with its regulation and operating reserves markets intended to better reflect the value of energy during shortage conditions and improve consistency between the tariff and operational practices. Specifically, these revisions increase the price for New York Control Area total 10-minute reserves from \$150/MW to \$450/MW, reduce the price of 30-minute reserves on Long Island from \$300/MW to \$25/MW and change regulation shortage pricing from two tiers to three tiers where up to 25 MW of shortage are priced at \$80/MW, 25MW to less than 80MW of shortage are priced at \$180/MW and 80MW or greater are priced at \$400/MW. Based on NYISO's analyses, the proposed demand curves would result in more efficient commitments of gas turbines, an annual reduction in uplift of approximately \$100,000, and a decrease in overall production costs of up to \$2 million annually.

Notice of the filing was published in the *Federal Register*, with comments, protests, or interventions due on or before January 11, 2011. Timely interventions were filed by Astoria Generating Company, L.P., Dynegy Power Marketing, Inc., NRG Companies<sup>1</sup> and the New York Transmission Owners.<sup>2</sup> No protests were filed. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214.

This acceptance for filing shall not be construed as constituting approval of any service, rate, charge, classification, or any rule, regulation, or practice affecting such rate or service provided for in the filed documents; nor shall such action be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such acceptance is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against NYISO.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713.

Sincerely,

Jignasa Gadani, Director  
Division of Electric Power Regulation – East

cc: All Parties

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<sup>1</sup> For purposes of this filing, the NRG Companies are NRG Power Marketing LLC, Arthur Kill Power LLC, Astoria Gas Turbine Power LLC, Dunkirk Power LLC, Huntley Power LLC, and Oswego Harbor Power LLC.

<sup>2</sup> The New York Transmission Owners include: Central Hudson Gas & Electric Corporation; Consolidated Edison Company of New York, Inc.; Long Island Power Authority; New York Power Authority; New York State Electric & Gas Corporation; Niagara Mohawk Power Corporation d/b/a National Grid; Orange and Rockland Utilities, Inc.; and Rochester Gas and Electric Corporation.